



2023
Connections
Member
Newsletter

Human. Kind.

Leaning Into Our Values in a Challenging Year for Canadians

2023

We all felt it. Inflation. Increased interest rates. Economic uncertainty. All of these factors contributed to a challenging year for Canadians. We saw consumers making difficult choices in their buying decisions, with fewer Canadians purchasing life insurance than in previous years. Despite these challenges, Serenia Life sold over \$1.7 million in first-year life insurance premiums and added 1,544 new members in 2023. We also paid over \$3.5M in dividends and \$11.5M in claims, emphasizing our financial strength and delivering on our commitment to you.

As an organization, and with your help, we leaned into our values, and looked for new ways to support our members and communities when you needed us most. We are thrilled that we increased our Charitable Impact for the fourth consecutive year.

Human. Kind.

OUR VALUES:

Give | Teach | Encourage
Serve | Lead | Show Kindness

Committed to Human.Kind.ness

Many Canadians were faced with cost-of-living increases that brought financial challenges. Our employees came together to raise funds and donations for regional food banks, the homeless, and children in need of school supplies. You, our members, raised more and volunteered more in 2023, which made a truly significant impact in our communities.

Last year, we also strengthened our commitment to kindness, by increasing our annual Charitable Impact from \$300,838 in 2022 to \$413,571 in 2023. That's a 37.5% increase year over year.

It's been just over a year since we introduced our new brand — a huge step in our growth journey. In a recent member survey, we were happy to learn that almost all of our members were aware of the brand change and most perceived the change as a positive one.

Looking ahead, we are confident that with our continued focus on delivering an exceptional experience for our members and advisors, we will continue to grow in 2024.

Despite the challenges we faced as a country, as individual Canadians, and as a financial services organization, we all stepped up when it came to our values. At the end of the day, we feel good knowing that we have given our members financial peace of mind while doing what we can to make life simpler, kinder, and more human.

That's the Serenia Life way.
Human. Kind.



Glenn Hymers
Glenn Hymers,
President & CEO



Nick DiRenzo
Nick DiRenzo
Board Chair

We had a productive year in 2023, which resulted in some great outcomes for our member experience, advisor experience, and our strength as a business, we:

- Paid over \$11.5M in claims, emphasizing our financial strength and delivering on our commitment to our members.
- Welcomed 19 new Financial Representatives and 265 new independent advisors to Serenia Life, enhancing our capacity to provide exceptional financial solutions and reinforcing our commitment to excellence in serving our members.
- Launched a new electronic application system for our investment products – to support our advisors, increase the efficiency of serving our members, and therefore improve our overall member experience.
- Expanded our member benefits with a new 'safety kit' benefit, to help make our communities safer.
- Ran a Member Satisfaction Survey, delivering great results in the industry, including: 3-in-4 members are satisfied overall with Serenia Life.

As we look ahead in 2024, we will continue our commitment to growth: Growing the number of members that we serve and growing our impact in your communities. As a grow-to-give organization, we know that growth is instrumental to better supporting our members and their families, while inspiring them to give back to their community and the causes they care about.

Year in Review

While the year was challenging, we continued our focus on growth and supporting our members in making an impact in their communities. We invested in new point-of-sale technologies, new product enhancements, and providing funds for member Action Teams that supported volunteers in providing aid and help in their communities. These investments will support a better member and advisor experience, while meeting the changing and future needs of current and future members. Like the many challenges Canadians experienced in 2023 due to inflation and higher interest rates, Serenia Life was also impacted by these market conditions, resulting in slower business growth than expected and higher costs to operate our business. We also experienced a greater level of member claims than expected. Overall, these factors contributed to a net income loss for 2023.

NEW INSURANCE INDUSTRY REPORTING STANDARDS

On January 1st, 2023, the Canadian insurance industry, including Serenia Life, adopted two new accounting standards that resulted in a significant change in the measurement and earnings recognition of life insurance policy contracts, financial reporting and disclosures, and asset and liability classification. As such, the financial presentation of our Report on Operations and Balance Sheet on page 4 and page 5 is different from the past when it comes to understanding our annual earnings results. The detailed 2023 financial statements can be found at SereniaLife.ca/About-Us/Financial-Strength.

REPORT ON OPERATIONS FOR 2023

In 2023, Serenia Life reported a \$3.2 million loss. The loss was attributable to more member claims than expected and certain required one-time costs incurred to support the implementation of the new insurance accounting standard. Partly offsetting these loss contributors were greater than expected investment returns. The comparative 2022 fiscal year saw a \$5.3 million loss due to the

rapid increase in Central Bank interest rates and lower equity markets, resulting in approximately \$3.0 million of lower net investment results versus 2023.

Sales of our Guaranteed Investment Annuities (GIAs) were strong as the higher interest rates drove stronger customer demand. New GIA deposits of \$27 million were up 75% over the prior year's new deposits. In addition, Serenia Life sold over \$1.7 million in first-year life insurance premiums and added 284 new advisors to market and sell our life insurance and investment products in support of future growth. Our in-force life insurance total in 2023 is \$3.9 billion, up from 2022's \$3.6 billion.

In 2023, we paid out \$3.5 million in dividends to members, compared to \$3.2 million in the prior year. We continued to live our promise to members, having paid out \$11.5 million in claims throughout 2023.

CAPITAL STRENGTH & FINANCIAL SURPLUS

The transition to the new accounting standards noted earlier required various one-time adjustments to our company

insurance contract liabilities. These adjustments, along with the fiscal 2023 loss, resulted in a total surplus position of \$38.4 million at year end. Serenia Life remains financially strong and well capitalized with capital ratios that continue to be higher than required by our regulator. In 2023, our Total Capital Ratio was 216%, up from 2022's ratio of 153%. These strong capital ratios provide our organization with the financial capacity to continue to invest, to grow, and give back.

BALANCE SHEET AT THE END OF THE YEAR

The company's total assets at 2023 year-end were \$376 million, up \$14 million from the comparable 2022 fiscal period. Financial investments were up \$17.5 million due to new GIA deposits, interest rates, and positive year-end equity markets. Segregated fund assets declined \$5.8 million as expected since we closed this business in 2012. The growth in investment and insurance contract liabilities over 2022 reflected our favourable new business sales activities in 2023.

BOARD OF DIRECTOR UPDATES

WELCOME NEW DIRECTOR

We are very excited to have Lee Bennett join our Board as Director beginning February 2024.



Welcome Lee!

HAPPY RETIREMENT

We want to thank Bruce Ratzlaff for 9 years of service on the Board of Directors, and wish him a happy retirement.



Thank You Bruce!

Thank you to Nick DiRenzo, whose term as Chair has ended, but will remain on the Board. A warm welcome to Paul Hogan as our new Chair.



Nick DiRenzo
Past Chair



Paul Hogan
New Chair

Report on operations for 2023

(IN THOUSANDS OF DOLLARS)	2023	2022
PRIOR YEAR ENDING TOTAL SURPLUS	\$ 41,206	\$ 48,902
Current Year's Operations		
Insurance Service Revenue	18,340	17,707
Insurance Expenses (Net of Reinsurance)	(16,586)	(17,448)
Total Insurance Service Result	\$ 1,754	\$ 259
Net Investment Result	6,248	2,863
Other Income / (Expense)	(7,459)	(5,004)
Total Investment and Other Expense Result	\$ (1,211)	\$ (2,141)
Surplus From Operations Before Distributions and Taxes	543	(1,882)
Policy Dividends Paid to Members	(3,470)	(3,192)
Grants and Benefits to Members	(135)	(102)
Provision for Taxes	(141)	(143)
Total Distributions and Taxes	\$ (3,746)	\$ (3,437)
Change in Surplus from Operations After Distributions and Taxes	\$ (3,203)	\$ (5,319)
Change in Surplus – Other	348	(2,377)
Change in Total Surplus for the Year	\$ (2,855)	\$ (7,696)
Year Ending Total Surplus	\$ 38,351	\$ 41,206

Balance sheet *at the end of the year*

(IN THOUSANDS OF DOLLARS)	2023	2022
Assets		
Financial Investments		
Bonds	131,130	117,905
Private Debt	4,000	10,116
Equities (Stock, Public & Private Equity)	125,763	129,094
Investment Real Estate	6,154	5,711
Cash and Short-Term Investments	20,387	7,142
Segregated Funds Assets	44,750	50,530
Other Assets	43,630	41,609
Total Assets	\$ 375,814	\$ 362,107
Liabilities		
Investment Contract Liabilities	81,799	61,533
Insurance Contract Liabilities	198,175	196,077
Segregated Funds Liabilities	44,750	50,530
Other Liabilities	12,759	12,761
Total Liabilities	\$ 337,463	\$ 320,901
Surplus		
Retained Earnings	40,642	43,860
Other	(2,291)	(2,654)
Total Surplus	\$ 38,351	\$ 41,206
Total Liabilities and Surplus	\$ 375,814	\$ 362,107

Making a Charitable Impact

At Serenia Life Financial, our values are what bring us together. We give back to our communities and we lead by example – by going out of our way to serve and to teach, to show kindness, and to encourage our members to do the same.

OUR COLLECTIVE IMPACT (2018-2023)



28,970

Total Action Team Attendees

508
Total Action Teams



\$1,486,233

Total Dollar Value of Volunteer Hours, Action Teams & Mission Trips

558 Total Number of Action Teams and Mission Trips



\$1,223,214

Total Funds Raised by Members

98,528
Total Volunteer Hours



\$3,659,320

Charitable Impact

\$949,873 Total Dollars Contributed by Serenia Life for Member Programs

For full details on our Charitable Impact, visit SereniaLife.ca/About-Us/Charitable-Impact/



MEMBER FEATURE: Action Team Leader

Susan Seifert and her team ran Light on Main, a program which provided lunch to community members once a week last summer.

For eleven Wednesdays, from mid-June until the end of August, volunteers gathered to prepare and hand out healthy bagged lunches in Hanover, Ontario. Each lunch included a sandwich, raw vegetables with dip, some fruit, dessert, and a bottle of water. Everyone was welcome! While there was no charge, donations were gratefully accepted from those who were able to give.

Thank you to Susan and her team!

How did leading an Action Team impact you personally?

"Providing this program to our community made my heart sing every Wednesday! It was so rewarding to see the response from those who came to enjoy the lunches. Words of thanks and appreciation were expressed over and over. There are many stories, but one example was one young man who attended for the first time – his face lit up when he saw the basket of fruit. He said, "Oh I haven't had fruit in so long!!"

- Susan Seifert

CHARITY BEGINS AT HOME

For our National Sales Meeting, 30 Serenia Life advisors gathered together with 10 Head Office volunteers to participate in an Action Team for children in need via Big Brothers Big Sisters of Waterloo Region. They worked hard building 14 bikes to donate to kids in need.



MEMBER FEATURE: Scholarship Winner

"Thank you so much for your wonderful contribution to my education through the Serenia Life Scholarship. This award will go a long way in helping me out with my studies and my future."

- Sinmaye Sivakumar

*Funds raised by members, Serenia Life Financial corporate contributions, and dollar value of volunteer hours are based on the calculation rate recommended by the Canadian Centre for Philanthropy. **NOTE:** All figures on these pages calculated as of December 31, 2023.

Serenia Life Financial's benefits and programs are not contractual. They are subject to change and maximum funding limits.

Life Insurance for Every Milestone

No matter what your age or stage of life, the right life insurance is there to protect what matters most: your loved ones. See which type of coverage makes the most sense for you and your family today.

LIFE STAGE / MILESTONE	AS A MEMBER								
 <p>Newborn / Young Child / Teen</p> <p>This is the perfect time to purchase a whole life policy for a child. It's the cheapest it will ever be, and the growth portion of the policy will increase over the longest period of time.</p> <p>Already have whole life insurance for your child? Leave the cash value* to grow today, and it can help pay for tuition tomorrow.</p>	<p>BENEFITS AVAILABLE TO YOU OR YOUR CHILDREN</p> <table border="1"> <thead> <tr> <th>BENEFIT</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>Bundles of Joy</td> <td>\$100</td> </tr> <tr> <td>Babysitter Course</td> <td>up to \$50</td> </tr> <tr> <td>Scholarship</td> <td>\$1,000</td> </tr> </tbody> </table>	BENEFIT	VALUE	Bundles of Joy	\$100	Babysitter Course	up to \$50	Scholarship	\$1,000
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 <p>New Graduate / New Career</p> <p>Now is a good time to buy term insurance to cover student loans or other debt. Or, get whole life insurance with an investment component, at an affordable rate while you're young and healthy. Plus, time is on your side when it comes to the policy's growth!</p> <p>Already have a whole life policy? Access the cash value* to help pay for a down payment on a house or a wedding.</p>	<p>BENEFITS AVAILABLE TO YOU</p> <table border="1"> <thead> <tr> <th>BENEFIT</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>Online Will & POAs</td> <td>\$189</td> </tr> <tr> <td>Action Team</td> <td>\$250</td> </tr> </tbody> </table>	BENEFIT	VALUE	Online Will & POAs	\$189	Action Team	\$250		
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 <p>New Home / New Parents</p> <p>At a time in life when Canadians have the most expenses, term life insurance is an excellent option. It can replace your income, cover your mortgage, and pay off other debt.</p> <p>Have whole life insurance? Access the cash value* to help pay for home renovations or a family trip.</p>	<p>BENEFITS AVAILABLE TO YOU</p> <table border="1"> <thead> <tr> <th>BENEFIT</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>CPR / First Aid</td> <td>up to \$50</td> </tr> <tr> <td>Online Will & POAs</td> <td>\$189</td> </tr> </tbody> </table>	BENEFIT	VALUE	CPR / First Aid	up to \$50	Online Will & POAs	\$189		
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 <p>Approaching Retirement</p> <p>As you start planning for your golden years, you may want to consider term life insurance to cover debt or Term to 100 insurance to cover final expenses.</p> <p>Already have whole life insurance? Look forward to accessing your cash value* when you're ready to retire.</p>	<p>BENEFITS AVAILABLE TO YOU</p> <table border="1"> <thead> <tr> <th>BENEFIT</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>Action Team</td> <td>\$250</td> </tr> <tr> <td>Wills & POA</td> <td>up to \$150</td> </tr> </tbody> </table>	BENEFIT	VALUE	Action Team	\$250	Wills & POA	up to \$150		
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 <p>Retired</p> <p>Now is a great time to think about passing on your wealth to future generations. At this stage, many grandparents buy a whole life policy for a grandchild as an investment in their future.</p> <p>Already have whole life insurance? Access the cash value* to help fund your retirement.</p>	<p>BENEFITS AVAILABLE TO YOU</p> <table border="1"> <thead> <tr> <th>BENEFIT</th> <th>VALUE</th> </tr> </thead> <tbody> <tr> <td>Action Team</td> <td>\$250</td> </tr> <tr> <td>Wills & POA</td> <td>up to \$150</td> </tr> </tbody> </table>	BENEFIT	VALUE	Action Team	\$250	Wills & POA	up to \$150		
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*Cash values are accessible via a withdrawal, policy loan, or surrender. These may be subject to taxation and a tax slip may be issued. Accessing the cash value of the policy will reduce the available cash surrender value and death benefit.

SIGN UP FOR EMAIL to stay up to date!

✉ Want a **free** guide to financial planning in the current economy? Subscribe to Serenia Life email communications to get your copy.

☎ You can also call Member Services at **1-800-563-6237** to give us consent to communicate with you via email, or visit us online at **SereniaLife.ca/Sign-Up**.

Let us fund your fundraising

Want to give back to your community? Help your favourite charity? With financial support from Serenia Life, the sky's the limit when it comes to doing good.

Apply for an Action Team once per calendar year to receive \$250 in total support to help fund your fundraising event. Prizes, flyers, or supplies? They're on us!



It's easier than you think to get your fundraiser off the ground.

For more information, speak with a Serenia Life advisor or visit SereniaLife.ca/ActionTeams

*Serenia Life Financial" is an alternate business name used by FaithLife Financial. All benefits are provided, and all policies are underwritten, by FaithLife Financial.

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